




Grand Canyon State Electric  
Cooperative Association, Inc.

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Docket Control  
Arizona Corporation Commission  
1200 W. Washington  
Phoenix, AZ 85007

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Re: *Cooperatives' Comments on the Staff Report and Draft Net Metering Rules Filed  
on December 17, 2007;*

*Docket No. RE-00000A-07-0608*

Dear Sir/Madam:

The Grand Canyon State Electric Cooperative Association ("GCSECA"), on behalf of its  
Arizona cooperative members,<sup>1</sup> submits the attached comments on the Staff Report and Draft  
Net Metering Rules filed on December 17, 2007.

RESPECTFULLY SUBMITTED this 4<sup>th</sup> day of January, 2008.

GRAND CANYON STATE ELECTRIC  
COOPERATIVE ASSOCIATION

By



John Wallace  
Director, Regulatory and Strategic Services

<sup>1</sup> The Arizona cooperative members are: Duncan Valley Electric Cooperative, Inc.; Graham County Electric Cooperative, Inc.; Mohave Electric Cooperative, Inc.; Navopache Electric Cooperative, Inc.; Sulphur Springs Electric Cooperative, Inc.; and Trico Electric Cooperative, Inc. (collectively the "Electric Cooperatives").

Docket Control  
January 4, 2008  
Page 2

**Original and 13 copies** filed with Docket  
Control this 4th day of January, 2008, with:

Docket Control  
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1200 West Washington  
Phoenix, Arizona 85007

# **ELECTRIC COOPERATIVE COMMENTS ON THE STAFF REPORT AND DRAFT**

## **PROPOSED NET METERING RULES DATED DECEMBER 17, 2007**

**DOCKET NO. RE-00000A-07-0608**

### **Introduction**

The following comments on the Staff Report and Draft Proposed Net Metering Rules ("Net Metering Rules") dated December 17, 2007 are provided by Duncan Valley Electric Cooperative, Inc. ("Duncan"), Graham County Electric Cooperative, Inc. ("Graham"), Mohave Electric Cooperative, Inc. ("Mohave"), Navopache Electric Cooperative, Inc. ("Navopache"), Trico Electric Cooperative, Inc. ("Trico") and Sulphur Springs Valley Electric Cooperative, Inc. ("Sulphur") (collectively "Electric Cooperatives" or "ECs").

The Electric Cooperatives reserve the right, individually and collectively, to provide additional or different comments and positions on any of the legal issues or proposed rule changes in this rulemaking as becomes necessary in the future.

### **Electric Cooperatives' General Comments**

Net metering creates a subsidy for customers who receive net metering. The cooperative and its members have incurred the cost of a transmission and distribution system to serve all member/customers. A customer that is net metered avoids paying the full cost of those facilities and receives a full retail rate for power generated by the customer. The other members will eventually be forced to pay higher rates to subsidize these costs that are not being paid by net metered customers. In addition, as a result of the high cost of Distributed Generation ("DG") systems, affluent member/customers will be installing DG at the expense of less affluent member/customers. For these reasons, the Electric Cooperatives support the comments

## **ELECTRIC COOPERATIVE COMMENTS ON NET METERING RULES**

**DOCKET NO. RE-00000A-07-0608**

contained within the Staff report regarding the restriction of total net metering capacity (Staff Report at the bottom of Page 2) and in the language contained in R14-2-2307.B. Also for the reasons stated above, the Electric Cooperatives support those cost recovery provisions of the proposed Net Metering Rule in sections R14-2-2304.C, 2304.F, 2305.A, 2305.B and 2305.C.

The Electric Cooperatives have comments regarding the Net Metering Rules in the following areas, as more specifically described herein:

- A. The Electric Cooperatives have concerns about the language in R14-2-2302 M. regarding a generating capacity of less than or equal to 125 percent of the Net Metering Customers total connected load and the problems associated with sizing of DG systems, payment for net energy provide to the utility, etc. that this language may cause.
- B. The Electric Cooperatives also suggest the addition of new definitions for "Generating Capacity" and "Total Connected Load" for clarity.
- C. Concerning R14-2-2306.F, the Electric Cooperatives are concerned about the time and expense associated with Net Metering customers who take service under Time of Use tariffs.
- D. Concerning R14-2-2306.G, eligible Net Metering customers should be credited monthly during the year for excess generation. However the Electric Cooperatives recommend that the

## **ELECTRIC COOPERATIVE COMMENTS ON NET METERING RULES**

**DOCKET NO. RE-00000A-07-0608**

remaining credits should terminate at the end of the year and this language should be added to this section.

E. The Electric Cooperatives are concerned about that the provisions of proposed section R14-2-2308.B to report “monthly peak demand delivered to the Electric Utility”.

### **R-14-2-2302 Definitions – Generating Capacity:**

#### **Electric Cooperatives’ Comments**

The following definition should be added to clarify the meaning of generating capacity as stated in R-14-2-2302.M.4.

“Generating Capacity” means the manufacturer’s nameplate electrical energy production rating of the Net Metering Facility for 15 minute or longer continuous electric production at the Customer site.

### **R-14-2-2302 Definitions M. Net Metering Facility: Generating Capacity Less Than or Equal to 125% of Customers On-site Connected Load**

#### **Electric Cooperatives’ Comments**

The Staff Report and Net Metering Rule R-14-2-2302 M.4 state that a customer with generating capacity less than or equal to the 125% of the customer’s requirements is eligible to receive net metering. The Electric Cooperatives have previously stated in their comments that net metering systems should be sized to meet the customer’s load and that customers should not be incented to

## **ELECTRIC COOPERATIVE COMMENTS ON NET METERING RULES**

**DOCKET NO. RE-00000A-07-0608**

oversize their distributed generation (“DG”) system such that on a regular, net basis they are able to provide electricity to the utility. A net metering rule that would allow net metered customers to oversize their systems by up to 25% appears to incent customers to install more DG equipment so that net metered customers could regularly sell energy to a utility. In addition, the Electric Cooperatives are already required to maintain reserve margins for all customers in order to maintain system reliability. To require utilities and their consumers to buy power from net metered customers on a regular basis that is due to the additional 25% is unfair to non-net metered customers and duplicative. For the reasons stated above, the Electric Cooperatives would request that the percentage stated in Net Metering Rule R-14-2-2302 M.4 be changed from 125% to 100%. The language “based on the highest demand for the last 12 months” should also be added to the end of this sentence for clarity.

### **R-14-2-2302 Definitions - Total Connected Load:**

#### **Electric Cooperatives’ Comments**

The following definition should be added to clarify the meaning of connected load as stated in R-14-2-2302 M.4.

“Total Connected Load” is the arithmetic sum of the full electric nameplate load ratings of all electrical consuming devices permanently connected to the National Electric Code compliant alternating current wiring that conducts electric energy from the Electric

## **ELECTRIC COOPERATIVE COMMENTS ON NET METERING RULES**

**DOCKET NO. RE-00000A-07-0608**

Utility to the Customer's electric consuming devices. The Electric Utility Customer shall be responsible for determining its Total Connected Load and reporting that value to the Electric Utility with an application for Net Metering service.

In addition, each reference to "connected load" contained in the rules should be changed to "Total Connected Load".

This definition provides the meaning of the total connected load of a Net Metering Facility for evaluation and qualification purposes related to Generating Capacity analysis. Interconnection standards currently being prepared for rulemaking at the Commission have provisions that limit the amount of installed distributed generation, typically 15% of the peak load, on a given feeder, otherwise subject to a more thorough, and costly, engineering analysis. Typical utility distribution system design uses a diversity factor in sizing the distribution components for various customer class feeders. This diversity factor should be considered when distributed generation is interconnected to a given feeder. The use of a maximum factor of 125% of connected load to qualify an interconnected distributed generator will permit a small number of customers to effectively capture the available first level, lower cost distribution system interconnection distribution system availability, forcing additional customers requesting an interconnection to follow the more costly review process. As noted in the Net Metering Staff Report, many types of distributed generation are not dispatchable and there will be a need for

## **ELECTRIC COOPERATIVE COMMENTS ON NET METERING RULES**

**DOCKET NO. RE-00000A-07-0608**

total distributed generation limits to maintain system reliability. The limit can be reached through a small number of large systems or a large number of small systems. Providing an incentive for renewable distributed generation through Net Metering for larger systems will result in fewer customers able to benefit from the program. As all customers will be paying something through recapture of lost energy revenues in rates, the program should not provide a feature to reduce the number of customers participating. Thus, for the two reasons delineated above, the Electric Cooperatives' suggest that 100% be used instead of 125% of Total Connected Load when determining the maximum generation capacity to qualify for Net Metering.

### **Section R14-2-2304.C – Metering**

#### **Electric Cooperative Comments**

The Commission should allow the utilities the option to install a second meter and double meter base to register the Net Metered customers' DG system output. For this reason the Electric Cooperatives request the language "including the cost of another meter and double meter base." be added to the end of this sentence.

### **Section R14-2-2304.E – Metering**

#### **Electric Cooperative Comments**

The Commission should allow the utilities to test a given percent of bi-directional meters for accuracy rather than 100%. This should decrease the cost of the Net Metering program to the



## **ELECTRIC COOPERATIVE COMMENTS ON NET METERING RULES**

**DOCKET NO. RE-00000A-07-0608**

customers. The testing methodology would be defined in the utility's Net Metering tariff as approved by the Commission.

### **Section R14-2-2306.C – Billing for Net Metering**

#### **Electric Cooperative Comments**

Since the Electric Cooperatives bill for demand for some customers on basis of kVA, the language “ or kVA” be added after the word “kW” in this sentence.

### **Section R14-2-2306.F - Billing for Net Metering**

#### **Electric Cooperative Comments**

While Time of Use (TOU) Net Metering can be implemented, the cost to the customer could be very expensive using existing available technology. As smart metering systems are implemented service territory wide, the cost of TOU Net Metering equipment and monthly reading will decline. No language changes are suggested at this time, but the proposed Net Metering tariffs will reflect technology for TOU Net Metering at the time the tariffs are presented. In addition, the implementation of TOU Net Metering in customer billing systems will involve significant expense as those information processing systems will need to be programmed to support a billing concept they were not designed to calculate. Finally, the question of excess credit carryover of TOU summer credits into winter and vice versa with dissimilar values will need to be addressed in the Net Metering tariffs.

## **ELECTRIC COOPERATIVE COMMENTS ON NET METERING RULES**

**DOCKET NO. RE-00000A-07-0608**

### **Section R14-2-2307.A – Net Metering Tariff**

#### **Electric Cooperative Comments**

Given the complexities associated with designing and filing a net metering tariff, the Electric Cooperatives request that the 90 days time period contained this sentence be changed to 120 days.

### **Section R14-2-2308.B – Filing and Reporting Requirements**

#### **Electric Cooperatives' Comments**

The Electric Cooperatives recommend the removal of the language "monthly peak demand delivered to the Electric utility and the" in the first line of this section. Demand recording meters are much more costly than a standard energy only recording bi-directional meter. Demand meters also require a manual reset after reading, which will result in additional expenses to be charged to the Net Metering customer. The Staff Report does not mention demand recording, nor does section R14-2-2304 – Metering reference any demand registers for the Net Metering meters. Given that the nameplate generation capacity of the Net Metering Facility will be reported, sufficient information would be available to determine connected distributed generation capacity. Without recording of coincident demand information and time stamped demand data – for multiple high demand periods in a month – demand data is not of any value in determining the value of distributed generation to a utility. To implement monthly peak demand reporting at this time will result in a high cost of entry to potential Net Metering customers and a high cost of administration in developing the reports, with a small benefit to anyone beyond that provided by

## **ELECTRIC COOPERATIVE COMMENTS ON NET METERING RULES**

**DOCKET NO. RE-00000A-07-0608**

the nameplate generation capacity data reported in section R14-2-2308.A. The Electric Cooperatives also suggest adding the words “by Net Metering Facility” at the end of the sentence in R14-2-2308.B for clarification.